



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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Michael O. Leavitt  
Governor  
Robert L. Morgan  
Executive Director  
Lowell P. Braxton  
Division Director

November 3, 2003

Released  
9-7-07  
JP

Wells Fargo Bank, Northwest N.A.  
326 South Main Street  
Milford, Utah 84751  
(435) 387-2489

RECEIVED

NOV - 7 2003

DIV OF OIL GAS & MINING

Attention: Brett Finau, Branch Manager

Subject: Reclamation Surety, Certificate of Deposit for Basin Perlite Company's Pearl Queen Mine Site,

M/001/027, Beaver County, Utah

Certificate of Deposit no.                     ; Principal Amount \$26,720.00.

This letter describes the mutually agreed upon instructions of the below signed parties to Wells Fargo Bank (Bank), regarding the control, redemption, and release of Bank's above-described certificate of deposit (CD), which is being used as a surety to guarantee the availability of reclamation funds for the Pearl Queen Perlite Mine (Mine Site), Beaver County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$26,720.00 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining (Division) and the United States Department of the Interior - Bureau of Land Management (USDOI - BLM), upon demand in the event that the operator of the Mine Site is unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations.

**Ownership and Renewal:**

Ownership of the CD is retained by Basin Perlite Company, a Colorado corporation, ("Owner"), but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and the USDOI - BLM and is subject to the terms and conditions described in this agreement. The CD shall automatically renew

indefinitely until either redeemed or released by both the Director of the Division and the authorized officer of the USDOl - BLM. All interest accrued on this CD will be reinvested into the CD account.

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**Redemption:**

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of both the Director of the Utah Division of Oil, Gas & Mining and the authorized officer of the USDOl - BLM to the Bank. Upon the instruction and demand of the Director and authorized officer of the USDOl - BLM the full initial amount of the CD plus any accrued interest shall be transferred to the State of Utah, Division of Oil, Gas and Mining. Owner agrees and irrevocably instructs Bank that neither the Owner, nor any other person claiming an ownership interest in the CD which is derived from the Owner, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division and the authorized officer of the USDOl - BLM may redeem the CD.

**Release:**

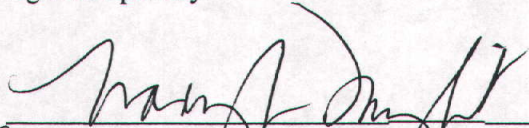
The bank shall release the CD only upon the written instruction of both the Director of the Division and the authorized officer of the USDOl - BLM to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owner, or their legal successors-in-interest.

**Accrued Interest:**

Prior to release or redemption, all interest which accrues by the CD shall be reinvested in the CD account, until such time as the beneficiaries may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$26,720.00, plus all accrued interest. All tax liabilities for accrued interest shall remain the sole responsibility of the Owner.

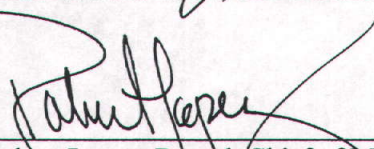
**Bank will not be held liable for any dispute between the parties.**

Agreed Upon By:

  
Lowell P. Braxton, Director  
Utah Division of Oil, Gas & Mining



Date:

November 14, 2003

  
Robert Lopez, Branch Chief of Minerals Adjudication  
USDOL, Bureau of Land Management

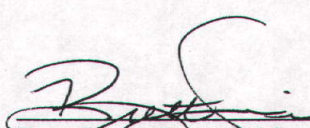
Date:

November 10, 2003

  
William R. Wilson, President  
Basin Perlite Company  
Tax ID Number: 

Date:

April 5, 2003

  
Brett Finan, Branch Manager  
Wells Fargo Bank

Date:

11/5/03

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